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SUBJECT: NECHIRVAN BARZANI: NASCENT PROGRESS ON
HYDROCARBONS, TURKEY

REF: BAGHDAD 01168

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

[11](#). (C) Summary: Kurdistan Regional Government (KRG) Prime Minister Nechirvan Barzani met on April 17 with the Ambassador and April 19 with S/I Satterfield and Economic Minister-Counselor Ries. Special Assistant to the President Brett McGurk attended both meetings. Barzani reiterated that KRG-GOI relations have warmed significantly in the last month, improving even more during Nechirvan's week in Baghdad and Prime Minister Maliki's spontaneous landing in Erbil over the weekend. The Baghdad negotiations yielded tentative momentum on hydrocarbon legislation, for example an agreement to send a single package (vice four separate laws) to the Council of Representatives (COR), and a KRG delegation will return in seven to ten days to continue talks. Nechirvan also is making tentative progress establishing communication with Ankara, though the two sides continue to quibble over specific times, locations, and personnel. Barzani finally said the KRG had agreed to pull Kurdish troops back from Mosul security operations to reassure the Arab population, and that KRG President Massoud Barzani soon will visit Baghdad to discuss the USG-GOI strategic agreement, which President Barzani now considers his top political issue. End summary.

KRG-GOI Relations Still Improving

[12](#). (C) Barzani repeatedly acclaimed the improved atmosphere between the KRG and GOI, saying the turning point was Massoud Barzani's pair of phone calls to Maliki during the Basrah operation and concurrent pledge of any political or kinetic support Maliki needed. The younger Barzani said he assured Maliki this week that the Kurds never tried to replace him despite being unhappy with his performance in recent months, and that others had distorted Kurdish intentions. In any event, Nechirvan assured Maliki of Kurdish support as a result of the Basrah operation, and claimed the PM was grateful.

[13](#). (C) Nechirvan said Maliki and Massoud Barzani both were pleased with their impromptu meeting on April 17 in Erbil. Maliki's plane the day before had diverted to Erbil because of inclement weather in Baghdad, fast-tracking a meeting that had been planned for the following week. Nechirvan claimed to have insisted that his uncle meet Maliki personally at the airport -- a 45-minute drive from Barzani's compound in Salah ad Din -- and said the unexpected gesture delighted Maliki. The pair met for 90 minutes at Salah ad Din and again the following morning, discussing mainly the dispute over federal funding for the Peshmerga.

Hydrocarbons: Some Progress, Further Talks

[14](#). (C) The younger Barzani said he and Maliki had made

progress on hydrocarbon legislation, negotiations on which would continue in Baghdad after a week to ten days. They agreed in their first meeting on three principles: all legislation will remain within the framework of the constitution, the COR will vote on the four hydrocarbon laws in a single package, and the February 2007 draft of the legislation will be the basis for negotiations. Nechirvan admitted that in the summer of 2007 the Kurds had listed some 89 objections to that draft, but that most are insignificant, and the KRG delegation returning to Baghdad in a week to ten days would winnow these down to at most the ten or twelve most important. Even on these ten or twelve points, however, Nechirvan promised to be flexible, out of recognition of the importance of getting a law passed.

15. (C) Delving deeper, Ambassador Ries asked if the KRG would accept a statement of principles on the laws governing the National Iraqi Oil Company and Ministry of Oil. Nechirvan insisted there must be full agreement on the texts of both. As a good faith gesture, Barzani offered to disclose in full the oil contracts the KRG signed in late 2007, explaining that the GOI does not necessarily oppose them but insists on transparency and a review process. KRG Oil Minister Hawrami, he said, also told Shahrستاني the KRG could within two weeks make available 100,000 bpd to Iraq's northern pipeline to Ceyhan, Turkey, and offered to let the GOI sell it through the national oil company SOMO to demonstrate that oil in the Kurdish region belongs to all Iraqis. Nechirvan said the offer delighted Shahrستاني, who said he would send a SOMO team north immediately to work out the details.

16. (C) Barzani also said he had told Maliki in confidence that if the GOI replaces Shahrستاني, he would replace

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Hawrami -- whom the GOI often labels a stick in the mud -- "the next day." Nechirvan asserted Shahrستاني is motivated by the desire to be an Arab hero, protecting Iraq's oil against the Kurds, perceived kleptomania. Nechirvan joked that if the GOI replaces Shahrستاني, he will offer two months' salary to his replacement, and give Maliki an oil concession in the KRG. For the moment, however, Barzani has invited Shahrستاني to Erbil, which he considered good for the bilateral atmosphere even if Shahrستاني rejects the offer. Separately, Nechirvan said former Oil Minister Thamir Ghadban (Shahrستاني's stand-in during periods of particular acrimony) had not joined any of the meetings this week.

17. (C) S/I Satterfield asked how the U.S. could help the hydrocarbon process, and Nechirvan counseled a light touch for now, as many are suspicious of U.S. interference in Iraqi oil policy. He suggested Washington confine its role to private discussions and take a more active role in implementing a law after it passes. Asked if passing a law by May remains possible, Nechirvan voiced doubt but said passage in June or July is realistic.

Turkey-KRG: Inching Towards Dialogue

18. (C) The KRG and Turkey gradually are opening lines of communication. Ankara's Special Envoy for Iraq Murat Ozcelik met in Dohuk last month with former KRG envoy to Ankara Safeen Dizayee, and had positive discussions on the economy and oil -- Nechirvan said he would gladly have joined this meeting, but Ozcelik asked for Dizayee only. Ozcelik subsequently offered to meet Nechirvan in Doha, Amman, or Baghdad, on the timeline of his choice; Barzani chose to meet in Baghdad. Barzani solicited Satterfield's guidance on whether to accept a separate offer to meet on the sidelines of the Kuwait Neighbors, Ministerial, which he deemed less than ideal. Satterfield urged him to do so, both to hear what the Turks have to say and to institutionalize a dialogue before the constitutional case in Turkey against the ruling Justice and Development Party (AKP) reaches a boil. (Note:

Barzani said he would take Satterfield's advice but later qualified that he could not meet Ozcelik alone in Kuwait for fear of giving the impression the more senior Babacan is avoiding him.)

¶9. (C) Speaking more generally, Nechirvan labeled Ozcelik a good interlocutor because of his ties to both the government and the military. He considered Prime Minister Erdogan,s foreign policy advisor Ahmet Davutoglu, by contrast, a conduit only to Erdogan, and said if he goes to Ankara he will insist on meeting more than exclusively with Davutoglu. Nechirvan said in the future he wants a strategic agreement specifically with the Turkish military because the AKP,s ideology poses a much greater long-term threat to the KRG than the Turkish military, especially if the party continues to gain strength. Barzani repeatedly expressed optimism, however, about the future of KRG-Turkey relations. He deems Iran a far greater long-term strategic threat, and prefers the Turks both for their transparent policies (which he contrasted with Iran,s) and the huge mutual benefit of a robust economic relationship.

¶10. (C) Satterfield briefed Barzani on his trip to Ankara, emphasizing the Turkish government,s stated need for specific KRG measures to contain the PKK. He voiced cautious optimism that the last round of Turkish airstrikes in northern Iraq obviated the immediate need for another ground incursion, and endorsed a reinvigorated USG-GOT-GOI trilateral mechanism, with less fanfare but hopefully greater results than the previous effort. Barzani praised any potential GOI-GOT dialogue, especially a regular channel between the two countries, Deputy Prime Ministers. Not surprisingly, Barzani favors de-emphasizing an extant bilateral economic committee, the Iraqi chairman of which is none other than Shahrastani.

Mosul: Kurds Will Back Away

¶11. (C) Barzani acknowledged repeatedly the fears of Sunni Arabs in Mosul about Kurdish encroachment, and offered several remedies. First, he agreed to a hands-off role for Kurdish security forces. The Kurds, only immediate goal for Mosul is to expel al-Qa,ida, and its role in security operations will be entirely at the GOI,s discretion. The Kurdish leadership will not object to withdrawing troops or limiting its role to information sharing if asked. Second, Nechirvan,s meeting with Hashemi yielded an agreement with Hashemi,s Iraqi Islamic Party (IIP) to cooperate in Mosul. He claimed Hashemi had requested the KRG give his party \$100 million per month, justifying the outlandish figure by saying it roughly equals the extra 3% of the GOI budget which

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Hashemi had advocated for the KRG during arduous negotiations in February. Barzani said such a sum is impossible but agreed to a smaller stipend, roughly \$1 million per month. Pursuant to this agreement, Kurdish and IIP leaders will meet regularly to preempt public spats at the Ninewa provincial council. Third, Barzani will ask the Kurdistan National Assembly (KNA) to pass an amnesty similar to the one the COR passed in Baghdad -- while the KRG holds few detainees whom it would affect, Barzani touted its symbolic value to Sunni Arabs.

SFA Is Massoud Barzani's Top Issue

¶12. (C) Barzani reiterated the importance of expanding SFA negotiations as far beyond the Prime Minister,s Office (PMO) as possible. Still scarred by the PMO,s perceived obstructionism in negotiating the Declaration of Principles in November, Barzani stressed that the final agreement affects all parties equally and advocated the 3 1 1 as the proper body to negotiate it. The agreement, he said, is Massoud Barzani,s top political priority, trumping even

hydrocarbon legislation or Article 140, and would be his primary concern when he comes to Baghdad. Barzani asserted that Iraqi President Talabani and probably Vice President Tariq al-Hashemi feel the same way.

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